

Message Text

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ACTION EUR-25

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TO SECSTATE WASHDC IMMEDIATE 1796

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AMEMBASSY LONDON

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

C O N F I D E N T I A L OECD PARIS 3587

STATE ALSO FOR T/IEP

E.O. 11652: GDS

TAGS: ENRG OPEC OECD

SUBJECT: ENERGY: POSSIBLE TECHNICAL APPROACH TO OPEC

1. SUMMARY. MISSION SUGGESTS USG CONSIDER PROPOSING AT WASHINGTON CONFERENCE TECHNICAL DATA EXCHANGE BETWEEN SECRETARIATS OF OPEC AND OECD, AS MEANS BOTH OF RESPONDING TO PRESSURE FROM OTHER PARTICIPANTS AND AS USEFUL FIRST STEP FOR EVENTUAL POLITICAL CONSULATATIONS WITH PRODUCING COUNTRIES. END SUMMARY.

2. WASHINGTON ENERGY CONFERENCE WILL OPEN IN SOMEWHAT STRAINED ATMOSPHERE, ONE ASPECT OF WHICH HAS BEEN VARIETY OF PROPOSALS ABOUT WHEN, HOW, AND IN WHAT MANNER TO DISCUSS MATTERS WITH OIL-PRODUCING COUNTRIES. THESE INCLUDE COMMUNITY'S PROPOSAL FOR BILATERAL
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MEETING BETWEEN EC AND OPEC COUNTRIES, FRENCH

PROPOSAL FOR UN CONFERENCE, AND EVEN CONTENTION THAT WASHINGTON CONFERENCE ITSELF SHOULD HAVE INVITED OIL PRODUCERS. IN DISCUSSIONS AT OECD AMONG DELEGATION HEADS, ITALIAN AMBASSADOR HAS BROACHED SOME TIME AGO VAGUE PROPOSAL REGARDING OPEC-OECD CONSULTATIONS.

3. FROM THE TIME OF SECRETARY KISSINGER'S DECEMBER 12 SPEECH, USG ENVISAGED SERIES OF STEPS LEADING TO POLITICAL LEVEL CONSULTATIONS EMBRACING PRODUCING COUNTRIES. SECRETARY'S REMARKS THIS WEEK AT HARVARD-YALE-PRINCETON CLUB SEEM MOREOVER TO CONFIRM THAT PROSPECT AND EVEN BRING IT CLOSER IN TIME. WHILE COMMUNITY AND JAPAN HAVE CLAMORED PUBLICLY FOR EARLY CONTACT WITH PRODUCING COUNTRIES, WE DOUBT THAT THEY HAVE ANY CLEAR IDEA OF WHAT POSITION THEY COULD PUT BEFORE OIL-PRODUCING COUNTRIES IN IMMEDIATE FUTURE. SIMILARLY IT CAN BE DOUBTED THAT OPEC COUNTRIES ARE IN ANY GREATER STATE OF READINESS FOR SUCH TALKS, IF BY THAT IS MEANT A MEETING AT HIGH LEVEL CAPABLE OF REACHING DECISIONS.

4. WE SUGGEST WASHINGTON CONSIDER, HOWEVER, FEASIBILITY OF INITIAL STEP AT TECHNICAL LEVEL AND WITH FACTUAL OBJECTIVES. INDICATIONS SUCH AS VIENNA'S 1036 POINT TO PROBABILITY THAT EVEN TECHNICIANS IN OPEC STAFF MAY BE WORKING WITH DATA AND ASSUMPTIONS ON OIL SUPPLY/DEMAND WHICH, IF NOT NECESSARILY "WRONG" DO NOT ACCORD WITH DATA EMPLOYED IN DISCUSSIONS OF CONSUMING GOVERNMENTS AND ORGANIZATIONS. WHAT MIGHT BE PROPOSED BY U.S. IS INITIATIVE BY SECRETARY-GENERAL OF OECD TO SECRETARY GENERAL OF OPEC, OFFERING TO EXCHANGE DATA AND ESTIMATES DEVELOPED BY TWO RESPECTIVE SECRETARIATS. SUCH EXCHANGES WOULD EXCLUDE ANY CONSIDERATION, AT LEAST AT THIS STAGE, OF ANY PROPOSALS, POLICIES, OR SOLUTIONS.

5. LATER APPROACHES OF POLICY-MAKING NATURE OR AIMED AT NEGOTIATIONS OF UNDERSTANDINGS COULD PROCEED, WHEN RIPE, ON BASIS WHICH WOULD REFLECT THESE TECHNICAL TALKS, WHETHER THEY HAD RESULTED IN AGREED OR DISAGREED SET OF ESTIMATES.

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6. DISCUSSIONS I HAD WITH VAN LENNEP BEFORE HIS DEPARTURE FOR WASHINGTON CONFERENCE LEAD ME TO BELIEVE THAT, WHILE HE WOULD NOT FAVOR OECD UNDERTAKING APPROACH TO OIL PRODUCERS OR OPEC THAT WOULD INVOLVE ANY ELEMENT OF POLITICAL PRESSURE OR NEGOTIATION, HE PROBABLY WOULD BE WILLING TO UNDERTAKE TECHNICAL TALKS OUTLINED ABOVE AIMED AT EXCHANGE OF VIEWS ON OUTLOOK. THIS WOULD

BE CONSISTENT WITH POINTS FOR JOINT OBJECTIVE ANALYSIS
MADE BY SECRETARIAT DECEMBER 28 (USOECN 33094).

7. IF WASHINGTON DECIDED TO PUT ABOVE IDEA FORWARD, IT
MIGHT BE EFFECTIVE WAY OF DISPELLING DOUBTS ABOUT OUR
INTENTIONS ULTIMATELY TO CONSULT PRODUCERS.
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